

## Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
-----031803Z 057723 /41

P 031712Z JAN 77  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC PRIORITY 1999

S E C R E T SECTION 1 OF 4 ROME 0049/1

EXDIS

E.O. 11652: XGDS  
TAGS: PINT, IT, PFOR, PGOV  
SUBJ: THE ITALIAN POLITICAL SCENE AT YEAREND

REF: A. ROME 18648; B. ROME 9113 (25 JUNE 1975)

1. INTRODUCTION: THE END OF THE CALENDAR YEAR AND A PARLIAM-  
MENTARY RECESS PROVIDE AN OCCASION TO TAKE STOCK OF THE ITALIAN  
POLITICAL SITUATION AND TO REVIEW THE POLICY QUESTIONS IT POSES  
FOR THE USG. IT IS PARTICULARLY APPROPRIATE THIS YEAR BECAUSE  
THE ITALIAN POLITICAL WORLD IS ANXIOUSLY AWAITING THE INSTALLA-  
TION OF A NEW AMERICAN ADMINISTRATION AND CLARIFICATION OF ANY  
CHANGES IN ATTITUDE TOWARD ITALY AND ITS PROBLEMS THAT MAY BE  
IN STORE. REFTTEL, WRITTEN IN EARLY NOVEMBER, PROVIDED AN OVER-  
VIEW OF THE ITALIAN POLITICAL SCENE. THE ISSUES DISCUSSED THERIN  
REMAIN ESSENTIALLY THE SAME, BUT EVENTS DURING THE INTERVENING  
PERIOD HAVE CLARIFIED SOME TRENDS AND SHARPENED SOME ISSUES.  
THE POLITICAL ISSUES OF MOST INTEREST TO THE UNITED STATES  
ARE: HOW ARE THE CHRISTIAN DEMOCRATIC PARTY (DC) AND THE  
ANDREOTTI GOVERNMENT DOING? HOW LONG WILL THE ANDREOTTI GOVERN-  
MENT LAST? ARE THE DC AND THE COMMUNIST PARTY (PCI) MOVING TOWARD  
EACH OTHER, I.E., IS THE HISTORIC COMPROMISE IN THE MAKING?  
IS PCI PARTICIPATION IN THE ITALIAN GOVERNMENT INEVITABLE?  
WHAT POLICY ISSUES DOES THIS SITUATION POSE FOR THE USG?

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2. THE CHRISTIAN DEMOCRATIC PARTY AND THE ANDREOTTI GOVERNMENT:  
A BALANCING OF ACCOUNTS FOR THE FIRST SIX MONTHS SINCE THE LAST  
PARLIAMETARY ELECTION (JUNE, 1976) WOULD HAVE TO SHOW A SUB-  
STANTIAL GAIN FOR BOTH THE DC AND THE ANDREOTTI GOVERNMENT.  
THE ELECTIONS, THEMSELVES, PROVIDED A SUBSTANTIAL RENEWAL OF THE  
PARTY IN THAT MORE THAN FORTY PERCENT OF DC PARLIAMENTARIANS  
ARE FIRST-TERMERS. THAT RENEWAL HAS GIVEN ADDED IMPETUS TO THE

PROCESS OF CHANGE AND REFORM WITHIN THE PARTY. THIS PROCESS HAS ALSO BEEN REINFORCED BY GROWING POPULAR PARTICIPATION IN DC PARTY AFFAIRS, STIMULATED LARGELY BY CONCERN ABOUT GROWING COMMUNIST POLITICAL POWER. AS A RESULT THE DC IS NO LONGER A PARTY RUN BY A HALF DOZEN OLD MEN TOO LONG IN THE SADDLE. A NEW GENERATION IS WELL ON ITS WAY TO TAKING OVER, AS IS DEMONSTRATED BY THE COMPOSITION OF ANDREOTTI'S CABINET 8 NEW MINISTERS--NO FORMER PRIME MINISTERS) AND SUB-CABINET AND BY THE NEWLY-APPOINTED DIRECTORATE OF THE PARTY ITSELF. WHILE IT IS EASY TO OVERSTATE THE FACT, THERE DOES APPEAR TO BE A NEW SPIRIT IN THE PARTY, AND ALL SIGNS ARE THAT THE PUBLIC IS REACTING FAVORABLY TO IT.

3. THE RECORD OF THE ANDREOTTI GOVERNMENT CONTRIBUTES SIGNIFICANTLY TO THE NEW PUBLIC IMAGE OF THE DC. WHILE IT IS ARITHMETICALLY THE WEAKEST ITALIAN GOVERNMENT SINCE WORLD WAR II, ITS VERY WEAKNESS HAS BEEN PARADOXICALLY A SOURCE OF STRENGTH AND IT HAS, IN FACT, BEEN MORE ENERGETIC AND PRODUCTIVE THAN MOST ITALIAN GOVERNMENTS OF THE LAST FIFTEEN YEARS. ITS ACTIONS HAVE PRODUCED AN IMAGE OF SERIOUSNESS OF PURPOSE, EFFECTIVENESS, AND ACCOMPLISHMENT. IT HAS, ON THE WHOLE, MAINTAINED ITS PRE-ANNOUNCED GOVERNMENTAL AND LEGISLATIVE ACTION SCHEDULE (SEE ROME 20753). DESPITE ITS MINORITY CHARACTER, ITS PROGRAMS ARE ITS OWN AND IT GETS FULL CREDIT FOR ITS ACCOMPLISHMENTS. AS A RESULT, THE GOVERNMENT'S PERFORMANCE HAS CONTRIBUTED HANDSOMELY TO THE DC'S NEW IMAGE AND ONE NO LONGER HEARS (AS ONE DID A YEAR AGO) QUESTIONS AS TO WHETHER THE DC IS ANY LONGER CAPABLE OF GOVERNING.

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4. THE FACT THAT THE ANDREOTTI GOVERNMENT IS DEPENDENT ON PCI ABSTENTIONS TO GET LEGISLATION THROUGH THE CHAMBER OF DEPUTIES HAS PROVIDED A BASIS FOR ENDLESS JOURNALISTIC SPECULATION AND PREDICTION, BUT IT HAS ALSO KEPT ALIVE FOR THE ITALIAN PUBLIC AND WITHIN THE DC THE ISSUE OF THE JUNE 1976 PARLIAMENTARY ELECTION, I.E., COMMUNISM. FOR THE DC, THE RESULT HAS BEEN A GRADUAL PROCESS OF HARDENING ITS ATTITUDE TOWARD THE PCI. THE DC'S "NO" TO THE HISTORIC COMPROMISE IS NOW SO FIRM THAT THE ONLY CRITICISM OF ANDREOTTI THAT ONE HEARS IN DC CIRCLES IS THE OCCASIONAL EXPRESSION OF WORRY THAT HE MAY BE GOING TOO FAR IN HIS RELATIONS WITH THE PCI. (ANDREOTTI'S RECENT PUBLIC COMPLIMENTARY REMARKS ABOUT PCI ARE GENERALLY SEEN AS PART OF HIS CURRENT DIFFICULT BALANCING ACT RATHER THAN AS A HARBINGER OF HISTORIC COMPROMISE.) THE DC APPEARS TO HAVE UNDERSTOOD THAT THE PCI DID NOT BECOME THE MAJORITY PARTY IN THE LAST ELECTION PRIMARILY BECAUSE IT IS A COMMUNIST PARTY AND NOT BECAUSE OF ANY GREAT ENTHUSIASM FOR THE DC ON THE PART OF THE ELECTORATE. THE LESSON FOR THE DC IS THEREFORE CLEAR: IT MUST REMAIN ANTI-COMMUNIST AND IMPROVE ITS PERFORMANCE IF IT WISHES TO CONTINUE

TO DO WELL AT THE POLLS. IT IS APPARENTLY TRYING TO DO BOTH,  
AND WITH SOME SUCCESS.

5. HOW LONG WILL THE ANDREOTTI GOVERNMENT LAST?  
SINCE THE GOVERNMENT IS CARRYING OUT ITS PROGRAM MORE  
EFFICIENTLY AND EFFECTIVELY THAN MOST LOCAL OBSERVERS  
WOULD HAVE THOUGHT POSSIBLE, IT SHOULD IN LOGIC HAVE

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
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P 031712Z JAN 77  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC PRIORITY 2000

S E C R E T SECTION 2 OF 4 ROME 0049/2

EXDIS

A SUBSTANTIAL AMOUNT OF LIFE YET. NEVERTHELESS, LEADERS OF  
ALL PARTIES TALK FREELY OF A PROBABLE GOVERNMENT CRISIS "IN  
THE SPRING". THERE ARE MANY POSSIBLE REASONS FOR THIS: TRADITION  
(ITALIAN GOVERNMENTS HAVE SHORT LIVES), THE SMALL PARTIES'  
FEAR THAT THE DC AND PCI ARE GETTING TOO CLOSE TOGETHER, A  
DESIRE FOR THE "OUTS" TO GET "IN" AND SHARE IN THE FRUITS OF  
GOVERNMENTAL OFFICE, PERSONAL COMPETITION WITH ANDREOTTI WITHIN  
THE DC, AND, FINALLY, THE COMMUNISTS. THE LAST IS USUALLY RE-  
GARDED AS THE MOST IMPORTANT AND SERIOUS OF THE VARIOUS POSSIBLE  
EXPLANATIONS. THE REASONING GOES LIKE THIS: BY SPRING, THE BURDEN  
OF THE GOVERNMENT'S AUSTERITY MEASURES WILL BE FELT IN THE  
EVERYDAY LIFE OF THE PEOPLE. THE WORKING CLASS BASE OF THE PCI  
(ITS HARD CORE) WILL STRONGLY PRESSURE THE PCI TO STOP SUP-  
PORTING THE GOVERNMENT OR RISK LOSING UNION SUPPORT. THE PCI  
WILL HAVE TO ACCEDE TO THIS PRESSURE UNLESS IT CAN GET SOME  
IMPORTANT COUNTERVAILING BENEFIT (PARTICIPATION IN THE GOVERN-  
MENT OR IN ITS PARLIAMENTARY MAJORITY?) IN RETURN. (SUCH A  
DEVELOPMENT WOULD BE IRONIC BECAUSE THE CONSISTENT ARGUMENT OVER  
THE YEARS BY MANY HAS BEEN THAT THE PCI MUST PARTICIPATE IN  
THE GOVERNMENT BECAUSE ONLY IT CAN ASSURE COOPERATION BY THE  
UNIONS.)

6. ALTHOUGH IT IS IMPOSSIBLE TO PREDICT AT THIS TIME WHAT THE

LIKELY SOLUTION OF A CRISIS IN THE SPRING WILL BE, IT IS  
VIRTUALLY CERTAIN THAT THERE WILL BE CALLS FOR AN "EMERGENCY  
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GOVERNMENT" THAT WILL INCLUDE ALL OF THE PARTIES (INCLUDING THE PCI), EXCEPT FOR THE EXTREMES OF RIGHT AND LEFT. THE DC HAS REPEATEDLY REJECTED THIS IDEA DURING THE PAST SIX MONTHS AND CAN BE EXPECTED TO DO SO NEXT SPRING, THE POSSIBLE EXCEPTION BEING A MAJOR DETERIORATION IN THE ECONOMY AND PUBLIC ORDER. THERE WILL ALSO BE VARIOUS PROPOSALS FOR CONVERTING THE PRESENT "GOVERNMENT OF ABSTENTIONS" TO A PARLIAMENTARY MAJORITY, WITH THE POSSIBILITY OF ONE OR MORE OF THE SMALL ABSTAINING PARTIES ENTERING THE GOVERNMENT BUT CLEARLY WITH THE IDEA OF LIMITING THE PCI TO PARTICIPATION IN THE MAJORITY AND NOT IN GOVERNMENT MINISTRIES. THE DC IS ON RECORD AS OPPOSING SUCH AN ARRANGEMENT. ALTHOUGH IT WOULD BE A SMALLER STEP THAN A GOVERNMENT OF NATIONAL EMERGENCY, AT THIS STAGE IT WOULD CLEARLY CAUSE MAJOR INTERNAL DISRUPTIONS WITHIN THE DC.

7. THE BEST SOLUTION FROM OUR POINT OF VIEW WOULD CLEARLY BE FOR THE SOCIALISTS (PSI), SOCIAL-DEMOCRATS (PSDI), AND REPUBLICANS (PRI) TO RETURN TO A COALITION WITH THE DC. SUCH A COALITION WOULD OBTAIN THE NEED OF PCI ABSTENTION BUT, AS OF NOW, IT APPEARS VERY MUCH A LONG SHOT. THE ATTITUDE OF THE PSI WILL BE CRITICAL. WHILE THE PSI IS SLOWLY MOVING AWAY FROM THE PCI, WE DOUBT THAT IT WILL HAVE MOVED FAR ENOUGH TO MAKE PARTNERSHIP WITH THE DC POSSIBLE AS EARLY AS NEXT SPRING OR SUMMER. (SEE ROME 17535.)

8. THE OTHER ALTERNATIVES ARE OF COURSE EITHER A DC/PCI COALITION OR NEW ELECTIONS. THE DC ABSOLUTELY EXCLUDES THE FIRST, AND ALL PARTIES PUBLICLY DISCLAIM ANY ENTHUSIASM FOR NEW ELECTIONS. WHILE ALL OF THIS OBVIOUSLY REMAINS IN THE REALM OF THE HYPOTHETICAL, THE DC CLEARLY APPEARS TO BE THE PARTY LEAST WORRIED ABOUT THE PROSPECT OF EARLY ELECTIONS, AN ATTITUDE WHICH REFLECTS THE DC'S GROWING SELF-CONFIDENCE BASED ON ITS IMPROVING PUBLIC IMAGE AND THE PERFORMANCE OF THE ANDREOTTI GOVERNMENT.

9. ARE THE DC AND PCI MOVING TOWARD EACH OTHER?  
THAT THE HISTORIC COMPROMISE IS CLEARLY IN THE MAKING IS  
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AN ARTICLE OF FAITH FOR SOME NON-DC/PCI LEADERS (NOTABLY THE PRI'S LA MALFA) AND A SUBJECT FOR ENDLESS SPECULATION AND PRE-  
DICATION BY THE ITALIAN AND FOREIGN PRESS. THE SPECULATION IS  
IN PARTY FUELED BY THE FACT THAT MOST DC CONTACTS WITH THE

PCI ARE NOW DONE IN PUBLIC (OR AT LEAST WITHOUT ANY ATTEMPT TO HIDE THEM), WHEREAS IN YEARS PAST THE SAME KIND OF CONTACTS WERE CAREFULLY HIDDEN FROM PUBLIC VIEW. TO THIS ONE CAN ADD A NATIONAL TENDENCY TO LOOK FOR ANY BUT THE OBVIOUS EXPLANATION FOR ANY POLITICAL EVEN AND, FROM THE VIEWPOINT OF FOREIGN PRESS, THE FACT THAT ITALIAN COMMUNISM IS NEWS.

10. IT IS OF COURSE POSSIBLE THAT THERE IS A GREATER DEGREE OF CONVERGENCE BETWEEN THE TWO PARTIES THAN WE BELIEVE EXISTS. IT IS IN THE PCI'S INTEREST (AS THE PARTY SEES IT) TO CREATE THAT IMPRESSION, AND THE PARTY WORKS HARD AT IT. NEVERTHELESS, EVEN IF ANDREOTTI (OR OTHERS) WISHED TO MAKE THE HISTORIC COMPROMISE, HE COULD NOT DO SO WITHOUT BEING ABLE TO BRING THE DC AS A WHOLE ALONG. AT THE MOMENT, THE PARTY IS MORE FIRMLY AGAINST THE HISTORIC COMPROMISE THAN IT WAS BEFORE ANDREOTTI'S GOVERNMENT WAS FORMED, AND A MOVE TOWARD THE HISTORIC COMPROMISE WOULD PROBABLY SPLIT THE PARTY AND RUIN IT AT THE POLLS.

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
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P 031712Z JAN 77  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC PRIORITY 2001

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EXDIS

11. THERE ARE THOSE WHO INSIST THAT THE ANDREOTTI GOVERNMENT'S PROGRAMS (OR AT LEAST SOME OF THE IMPORTANT ONES) WERE IN FACT DICTATED BY THE PCI AS PART OF THE PRICE OF ITS SUPPORT FOR THE GOVERNMENT. AS PROOF OF DC/PCI CONVERGENCE, THIS ARGUMENT DOES NOT HOLD WATER. THE GOVERNMENT'S MOST IMPORTANT PROGRAMS ARE THE ANTITHESIS OF TRADITIONAL PCI POLICIES AND THE PCI'S SUPPORT FOR THEM IS CAUSING IT (BY ITS OWN ADMISSION) THE MOST SIGNIFICANT INTERNAL DIFFICULTIES THAT IT HAS EXPERIENCED SINCE WORLD WAR II. MOREOVER, WHATEVER THE ORIGINS OF THE VARIOUS ELEMENTS OF THE GOVERNMENT'S PROGRAMS (AND THE PCI ITSELF DOES NOT LAY CLAIM TO THEM) THE GOVERNMENT IS CLAIMING AND IS BEING GIVEN CREDIT FOR THEM IN THE EYES OF THE ITALIAN PUBLIC.

12. IS PCI PARTICIPATION IN THE NATIONAL GOVERNMENT INEVITABLE? TO ATTEMPT TO ANSWER THIS QUESTION FOR MORE THAN THE SHORT RUN WOULD BE FOOLISH. BUT EVEN IN THAT LIMITED TIME FRAME, THERE ARE THOSE WHO ARE CONVINCED THAT PCI PARTICIPATION IS INEVITABLE AND THOSE WHO ARE CONVINCED THAT IT IS NOT. WE BELIEVE THAT, FOR THE MOMENT, THE LATTER HAVE THE BETTER OF THE ARGUMENT, PRIMARILY FOR THE REASONS MENTIONED ABOVE. THE DC AND THE ANDREOTTI GOVERNMENT ARE DOING WELL. THE DC'S POLITICAL FORTUNES NO LONGER APPEAR TO BE ON THE WANE, AND AT THE SAME TIME THE DC'S ANTI-PCI ATTITUDES ARE NOTICEABLY HARDENING. AT THIS STAGE, NO DC LEADER COULD PROPOSE BRINGING THE PCI INTO THE GOVERNMENT WITHOUT EXPECTING WIDESPREAD AND VOCAL DISSENSION

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WITHIN THE PARTY. IN ADDITION TO THE DC, THE PUBLIC APPEARS TO BE BECOMING INCREASINGLY POLARIZED. IT IS NOT SO MUCH THAT NEW ANTI-COMMUNIST CONVERTS ARE BEING MADE AS IT IS THAT EXISTING ONES ARE BESTIRRING THEMSELVES TO MAKE AN IMPACT ON THE POLITICAL SCENE. THE SAME DYNAMICS ARE WORKING ON THE SOCIALISTS, WHO HAVE IN RECENT YEARS FLIRTED WITH THEIR "ALTERNATIVE OF THE LEFT". THAT IS STILL THEIR OFFICIAL LONG-TERM OBJECTIVE, BUT IT IS NOW CONDITIONED ON A HOPED-FOR REVERSAL OF THE PRESENT PROPORTION (34/10) OF THE TOTAL VOTE PRESENTLY RECEIVED BY THE TWO PARTIES. IN THE MEANTIME, THE DEVELOPING POLARIZATION OF THE ELECTORATE IS STIMULATING A FEAR (WELL-JUSTIFIED IN OUR VIEW) WITHIN THE PSI THAT THERE MAY BE NO ROLE FOR IT IN THE MEDIUM AND LONG TERMS. HOW IT WILL RESOLVE THIS DILEMMA REMAINS TO BE SEEN.

13. FINALLY, THE PCI ITSELF APPEARS GREATLY CONCERNED ABOUT POSSIBLE REACTION TO ITS ENTRY INTO THE GOVERNMENT. THE EXAMPLE OF ALLENDE'S CHILE IS CONSTANTLY CITED AS THE PROOF OF WHAT COULD HAPPEN. TO AVOID IT, THE PCI WANTS TO ENTER THE GOVERNMENT WITH AS WIDE A CONSENSUS AS POSSIBLE (THUS, ITS ENTHUSIASM FOR AN "EMERGENCY GOVERNMENT"), BUT WITH DC APPROVAL AND COOPERATION AS AN ABSOLUTE MINIMUM (THUS THE TACTIC OF THE HISTORIC COMPROMISE).

14. ADDING ALL OF THESE SKEINS TOGETHER, BRINGS US TO THE CONCLUSION THAT THE PCI IS NOT LIKELY TO ENTER THE NATIONAL GOVERNMENT IN THE SHORT RUN, AND ALMOST CERTAINLY NOT BEFORE ANOTHER NATIONAL PARLIAMENTARY ELECTION. THE POSSIBLE AND UNPREDICTABLE EXCEPTION COULD BE A SHARP DETERIORATION IN THE ECONOMY AND IN PUBLIC ORDER. SHOULD THE ITALIAN POLITICAL WORLD BE FACED WITH MASSIVE UNEMPLOYMENT AND CHAOS IN THE STREETS, A "GOVERNMENT OF NATIONAL EMERGENCY" WOULD PROBABLY LOOK LIKE AN ATTRACTIVE TEMPORARY SOLUTION TO MANY.

15. POLICY ALTERNATIVES FOR THE USG: OUR BASIC POLICY INTERESTS IN ITALY ARE NOT LIKELY TO CHANGE. APART FROM THE CLOSE AND ENDURING TIES OF SENTIMENT CREATED BY A LARGE ITALO-AMERICAN

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COMMUNITY, OUR OBJECTIVE INTERESTS ARE OF GREAT IMPORTANCE. AN ECONOMICALLY SOUND, WESTERN ORIENTED DEMOCRATIC ITALY IS AN ESSENTIAL UNDERPINNING OF OUR MAJOR POLITICAL, MILITARY, AND ECONOMIC INTERESTS IN EUROPE AND THE MEDITERRANEAN, AND THE WHOLE IS A CRUCIAL ELEMENT IN THE EAST-WEST BALANCE OF POWER. ACCORDINGLY, A COLLAPSE OF THE ITALIAN ECONOMY OR A CHANGE IN ITALY'S WESTERN-ORIENTED DEMOCRATIC CHARACTER WOULD HAVE A MAJOR DESTABILIZING EFFECT ON THE ENTIRE WESTERN WORLD AND WOULD PUT AT RISK VITAL US INTERESTS.

16. FOR THE SHORT TERM, THE POLICY PROBLEMS OF GREATEST INTEREST ARE THE ECONOMY AND THE PCI. OUR POLICY VIS-A-VIS THE ITALIAN ECONOMY HAS BEEN TWO-FOLD: (A) TO PROVIDE SHORT-TERM SWAP CREDIT TO SUPPORT THE LIRA WHEN IT HAS COME UNDER STRONG SPECULATIVE PRESSURE AND (B) TO LET THE IMF TAKE THE LEAD IN PRESSING THE GOI TO ADOPT A RATIONAL ECONOMIC STABILIZATION PROGRAM. WHILE WE HAVE VOICED ENCOURAGEMENT TO AND SUPPORT OF THE GOI'S EFFORTS IN DEVELOPING SUCH A PROGRAM, WE HAVE MADE IT CLEAR THAT ANY TANGIBLE FINANCIAL ASSISTANCE -- EXPECTED TO BE DRAWINGS UNDER THE GENERAL ARRANGEMENTS TO BORROW FUNNELED THROUGH THE IMF -- MUST AWAIT CONCLUSION OF A STAND-BY AGREEMENT WITH THE IMF. WE BELIEVE THIS IS A VALID POLICY AND SHOULD BE MAINTAINED.

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INFO OCT-01 ISO-00 SSO-00 /026 W  
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FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 2002

S E C R E T SECTION 4 OF 4 ROME 0049/4

EXDIS

17. THE PCI IS MAKING A MAJOR EFFORT TO ENCOURAGE THE NEW AMERICAN ADMINISTRATION TO ADOPT A NEW ATTITUDE TOWARD IT.

ITS PUBLICATIONS REGULARLY PREDICT SUCH A CHANGE. IDEALLY, IT WOULD LIKE TO BE PUBLICLY ACCEPTED BY THE USG AS JUST ONE MORE DEMOCRATIC ITALIAN POLITICAL PARTY. PRACTICALLY, IT WOULD BE DELIGHTED TO GET PART OF A LOAF IN THE FORM OF GREATER CONTACTS, VISAS, ETC., WHICH IT WOULD PLAY TO THE ITALIAN PUBLIC AS PROOF OF AMERICAN "ACCEPTANCE".

18. WHILE WE WOULD CERTAINLY NOT SUGGEST THAT THE USG "ACCEPT" OR TREAT THE PCI AS A DEMOCRATIC ITALIAN POLITICAL PARTY, THE TIME HAS PERHAPS COME WHEN WE SHOULD AGAIN REVIEW OUR POLICY ON CONTACTS WITH AND VISAS FOR THE PCI. (SEE ROME 9113, 25 JUNE 75) WE HAVE FOUND CONGRESSIONAL AND OTHER VISITORS INTERESTED IN THIS ISSUE AND UNCONVINCED OF THE SOUNDNESS OF OUR POLICY OF VERY LIMITED AND NON-PUBLIC CONTACTS WITH THE PCI AND NO VISAS FOR OFFICIAL PCI VISITORS. THEIR LACK OF SUPPORT OF THE POLICY GENERALLY APPEARS BASED PRIMARILY ON THE GROUND THAT IT IS INCONSISTENT WITH AMERICA'S LIBERAL TRADITION, WHICH IT IS. THE POLICY HAS OF COURSE NOT BEEN BASED ON OUR CONCERN THAT THE ITALIAN COMMUNISTS COULD HURT THE US POLITICAL SYSTEM. INSTEAD, IT HAS BEEN BASED ON CONCERN ABOUT THE POTENTIAL MISUSE OF SUCH CONTACTS AND VISITS BY THE PCI TO ITS OWN ADVANTAGE IN THE DOMESTIC ITALIAN POLITICS. THAT THE POTENTIAL FOR SUCH MISUSE IS THERE, AND THAT IT IS OF IMPORTANCE, IS PERHAPS BEST

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ILLUSTRATED BY THE EXTRAORDINARY ZEAL WITH WHICH THE PCI HAS PURSUED US CONTACTS AND VISAS. WHILE OUR PRESENT POLICY, AND PARTICULARLY OUR VISA POLICY, HAS FRUSTRATED THE PCI, IT IS AT THE SAME TIME DIFFICULT TO EXPLAIN IN TERMS THAT ARE CONSISTENT WITH PRESENT DAY WESTERN EUROPEAN CONCEPTS OF LIBERALISM AND DEMOCRACY.

19. ACCORDINGLY, WE BELIEVE IT DESIRABLE TO CONSIDER ADOPTING A LESS RIGID POLICY TOWARD CONTACTS WITH AND VISAS FOR THE PCI. AS STATED IN REFTEL B, THERE NEVER WILL BE PERFECT TIME TO TAKE SUCH A STEP AND GREAT CARE MUST BE TAKEN IN ITS IMPLEMENTATION TO MITIGATE EXPECTED ITALIAN DOMESTIC REACTIONS TO SUCH A MOVE. THE CHANGE WOULD PERHAPS BEST BE DONE IN THE CONTEXT OF UPDATING CHANGES IN OUR VISA LAWS. SINCE THE VISA LAWS ARE OF WORLD-WIDE APPLICABILITY, A CHANGE IN THEM WOULD MAKE IT DIFFICULT FOR THE PCI TO REPRESENT SUCH A CHANGE IN THE USG'S FUNDAMENTAL ATTITUDE TOWARD THE PCI. IF A LESS RIGID ATTITUDE TOWARD VISAS AND CONTACTS WERE IMPLEMENTED GRADUALLY, IT COULD BE TURNED OFF OR BACK IF WE DISCOVER THAT IT WORKS TO OUR OVERALLY DISADVANTAGE.

20. THE ADVANTAGES THAT WE SEE TO THIS APPRAOCH WOULD BE TO ENHANCE OUR CREDIBILITY WITH NON-COMMUNIST ITALIANS AND OTHER EUROPEANS AS WELL AS TO MAKE MORE EFFECTIVE OUR EXPRESSED DOUBTS ABOUT THE PCI'S COMMITMENTS TO ITALIAN DEMOCRACY AND TO THE ATLANTIC ALLIANCE. FURTHERMORE, WE WOULD BE IN A BETTER



POSITION TO TAKE ADVANTAGE OF APPORTUNITIES TO EXPLORE PCI POSITIONS ON SPECIFIC ISSUES AND TO RAISE DOUBTS ABOUT THEIR COMMITMENT TO DEMOCRACY AND THE WEST. A PARTY WHICH STILL ADHERES TO TRADITIONAL CONCEPTS OF DEMOCRATIC CENTRALISM AND BY AND LARGE SUPPORTS FOREIGN POLICY OBJECTIVES OF THE SOVIET UNION WILL HAVE GREAT DIFFICULTY IN SATISFYING OUR CRITERIA AND AT THE SAME TIME MAINTAINING HARMONY AND UNITY WITHIN THE PARTY.

21. THE MAJOR RISK IN SUCH A CHANGE IS THAT IT MIGHT ENCOURAGE SOME IN THE DC AND IN THE ITALIAN ELECTORATE TO BELIEVE THAT THE USG IS MOVING TOWARD ACCEPTANCE OF THE PCI IN THE NATIONAL  
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GOVERNMENT. THE LEFTDOMINATED PRESS WOULD CERTAINLY PLAY IT THIS WAY. HOWEVER, THIS RISK COULD BE MINIMIZED BY CLEAR PUBLIC STATEMENTS OF OUR ATTITUDES AS FREQUENTLY AS THEY MAY BE NECESSARY. SUCH STATEMENTS WOULD OBVIOUSLY RECOGNIZE THE FIGHTS OF THE ITALIAN PEOPLE TO CHOOSE WHATEVER GOVERNMENT THEY WISH, BUT WOULD EMPHASIZE OUR CONCERN ABOUT THE IMPACT ON ITALY'S ROLE IN EUROPE AND IN THE ALLIANCE OF THE COMING TO POWER OF A PARTY THAT IS NOT DEMOCRATIC AND THAT HAS CLOSE TIES TO THE SOVIET UNION AND INTERNATIONAL COMMUNISM.VOLPE

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLITICAL STABILITY, POLITICAL SUMMARIES  
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**Decaption Date:** 22 May 2009  
**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**Disposition History:** n/a  
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**Reference:** 77 ROME 18648, 77 ROME 9113  
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**Review Event:**  
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**Review Media Identifier:**  
**Review Release Date:** n/a  
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**Review Transfer Date:**  
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**TAGS:** PINT, PFOR, PGOV, IT  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009